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Testimony by:

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Good morning, Speaker DeRoche, Chairman Fulton and Honorable members.

I would like to thank Representative David Law and his staff for the gracious invitation to address this committee.

My name is Steven Johnson; I am the President of VAST Technologies, Inc. A small company that sells Test & Measurement equipment.

Our customers are Research and Development Engineers at Fortune 500 companies, Government Labs and Universities.

I would also like to add that we are proud members of Automation Alley!

My company is feeling the pain of the sluggish economy in the State of Michigan. In fact, even though we are based here in Michigan we realize more revenue from sales in Ohio and Pennsylvania.

Those of us that choose to be in business in the State of Michigan are subject to the SBT (Single Business Tax. within the SBT like those taxes on our telephone bills is the fact that the SBT currently taxes all health care premiums that businesses pay.

The U.S. Health Care System puts the burden on employers to seek out affordable health coverage, pay for it, administer it and be the first line of claim dispute resolution.

We are getting taxed for trying to do the right thing for our employees and their families.

You hear on the nightly news corporate leaders from the states largest employers say that the most difficult problem that they have is the cost of health care..... They are not alone, for small business this is an even more vexing problem.

Small companies like VAST Technologies, Inc. want to offer big company benefits too. Why? Because it is the right thing to do! We want our employees to have the best that we can offer and to attract top talent you need to have a good wage and benefit package for employees and their families.

Yes, as small business owners we are thinking of our employees families and when staff cut's have to be made we feel the weight, not only of what we are we are doing to the individual employee but how our decision affects his or her family.

Unfortunately those of us in business both Large and small have to live with what our elected representatives deem to be right. Many times the people in elected office have not had to decide on not paying Federal 941 taxes on time, Paying a valued and reliable supplier late, Cutting benefits or laying off a good employee.

VAST Technologies, Inc. offers the Blue Care Network HMO; it is a suitable plan for generally healthy people living in Southeastern Michigan.

Our cost is roughly \$380 for a single person, \$800. for a couple and a little over \$1,000 for a family. The cost of the plan is not comfortable but anything less would be sub standard.

You can get less expensive coverage by taking on huge deductibles and accepting caps on coverage. In addition to the cost issue we have had a problem with out of State employees. Unless we purchase a top shelf Blue Cross plan at DOUBLE the cost we cannot cover our out of state employees on the same plan.

There is no network or mutual reciprocity that would allow us to affordably put all employees on the same plan. We have had to offer a Health Coverage Allowance to our remote employees.

Anything that can be done to lower costs and not penalize small businesses for offering health coverage would allow for purchasing better coverage, retaining current employees and possibly adding employees.

In the coming weeks you may see legislation that the Governor is proposing that would add a 2% tax on all insurance premiums. That means 2% on Life, Health, Disability, Dental, Workers Compensation, Liability, Property and various other professional coverage.

Not to mention our personal Home owners and Auto coverage.

Any positive step that you make on the SBT health care reform can be undone with this proposal.

Creating a business climate in the State of Michigan that fosters the creation of new businesses, nurtures our young and small businesses and respects the large and well established businesses that have had to put pressure on their small suppliers to show even modest returns to wall street.

The economic and tax situation in Michigan is in your trusted hands.

Thank you.